



San Diego County Water Authority

A Public Agency

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98-419

November 30, 1998

Lester A. Snow, Executive Director
CALFED Bay-Delta Program
1416 Ninth Street
Sacramento, CA 95814

By fax: 916-554-9780

Re: Preliminary Comments on Revised Phase 2 Report Discussion Draft

Dear Lester:

I understand that at a meeting with stakeholders on November 18, you asked for comments on a November 3 discussion draft of the Revised Phase 2 Report. Authority staff have reviewed the draft report and offer the following preliminary comments:

Criteria for Selecting a Preferred Alternative

- CALFED actions in the Delta in Stage 1 and the long-term should provide continuous water quality, water supply reliability and fisheries improvements. The Phase 2 Report should be revised to include near-, intermediate- and long-term benchmarks for water quality, water supply reliability and fisheries improvements and a process for monitoring progress toward those benchmarks.
- In keeping with the principle of providing continuous improvements, the draft report should be revised to clearly state that water made available through the construction of storage and/or conveyance system improvements, or made available through more flexible operating criteria, will be shared by water users and the ecosystem. It should also be made clear in the report that fishery restoration measures, including the DEFT actions, will not be implemented in a manner that reduces water users' supplies below levels available under the Bay-Delta Accord.
- The set of selection criteria upon which long-term facilities decisions are based should be expanded to include water supply reliability. Consideration should also be given to the ability of the long-term facilities to reduce salinity levels in municipal water supplies and to withstand a major earthquake or other catastrophic event.

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Assurances

- The draft report does not adequately address the assurances needs of the water users that will be asked to fund the CALFED Program. Authority Board members have expressed strong concerns that the assurance package will need to be strengthened before it will provide an adequate basis for a long-term investment decision.
- The proposal to "evaluate and determine the appropriate mix of water management tools during Stage 1" (page 38) is seemingly at odds with CALFED's goal of developing a finance plan in 1999. Urban water agencies will be unable determine whether or how much to invest in the CALFED Program unless they have firm assurances as to whether the Program will meet their water quality and supply reliability needs.
- The draft Phase 2 Report states that CALFED staff, and the staffs of other state and federal agencies, are investigating the option of developing a broad "programmatic" evaluation of the need for certain facilities (page 107). The Final PEIR/S should, at a minimum, provide a Section 404 finding of need for the entire CALFED resource mix – otherwise, water users have no assurance that if they satisfy the conditions for storage, storage will be implemented.
- The discussion on bundling (page 90) should make clear that individual projects would not move forward ahead of other projects in the bundle.
- Please see our comment below regarding the proposed assurance mechanism for water storage.

Water Use Efficiency

- The urban recycling estimates in the table are incorrect. It appears that the conservation potential and irrecoverable loss savings should be 967 TAF and 798 TAF respectively, not 9671 TAF and 7981 TAF.
- The urban conservation estimates appear to have been revised since the initial Phase 2 Report was released. You may wish to include a footnote explaining the basis for those changes. (Please note that we did not attempt to verify the accuracy of the revised estimates.)
- The first paragraph on page 49 is unclear – does CALFED propose to utilize the certification framework proposed by CUWA and the EWC?
- The assurance mechanism proposed in the second paragraph on page 50 places water users in double-jeopardy. Agencies that fully implement conservation measures could be penalized due to the failure of others to implement similar measures. How does CALFED intend to address this issue?

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- The proposed assurance mechanism is also essentially one-sided. Water users have no assurance that if they achieve a high level of water use efficiency, CALFED will construct surface storage. CALFED can address this issue, in part, by including in the Final PEIS/R a 404 finding of need on the entire water resource mix, including surface storage.
- The fourth paragraph on page 50 should make clear that the financial assistance for conservation and water recycling projects would be in the form of grants.
- The Stage 1 plan for water use efficiency makes no specific mention of a certification process for water recycling. We suggest that certification, if appropriate, be conducted through the Urban Water Management Plan planning process.

Water Transfers

- Please see our letter dated November 10 (attached) for comments on the Water Transfer Program.

Financing Plan

- The Finance Plan should make clear that facilities needed to offset the impact on water users of dedicating additional flows to the environment (above Bay-Delta Accord levels) does not constitute a "benefit" and should not be funded by water users. Similarly, the portion of storage dedicated to environmental uses should be publicly funded.
- The discussion on the financial baseline (pages 95 and 96) is unclear. How does CALFED define "ongoing impacts" and why does CALFED appear to hold users of existing projects solely responsible for mitigating current and future impacts? Many activities, including commercial fishing, recreation, urban development, industrial activities, agriculture, power generation and commercial shipping impact the environmental health of the Bay/Delta on an ongoing basis. Does CALFED propose to hold those that benefit from those activities to the same "mitigation" standard?
- The proposal to hold project users responsible for ongoing project impacts is seemingly at odds with CALFED's finding that the need for facilities to offset project impacts (e.g., an isolated facility) has not been established.
- From our perspective, cost allocation proposals that are based on alleged "ongoing impacts" are divisive and unlikely to be accepted by a majority of stakeholders. CALFED could provide a rationale for water user funding for the ERP by developing assurance measures that guarantee water users that in return for their investment in the ERP, they will receive regulatory certainty and increased supply reliability.

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The Authority Board has tentatively scheduled a special meeting for January 14, 1999, to discuss the CALFED draft preferred alternative. I would be pleased if you, or member of your staff, could attend the meeting to discuss with Authority Board members the draft preferred alternative and the steps that must be taken to meet the urban agencies' assurances needs.

If you have any questions regarding the above comments, please call me at (619) 682-4155. Also attached for your information are the Water Authority's revised policy principles for a CALFED preferred alternative and implementation plan. The principles describe in more detail the Authority's expectations for the CALFED preferred alternative with respect to water supply reliability, water quality, ecosystem restoration, water use efficiency, the Water Transfer Clearinghouse, assurances and cost.

Sincerely,



Gordon A. Hess

Director of Imported Water

Cc. Steve Ritchie, Chief Deputy Director

Attachments

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